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7 UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
8 SAN FRANCISCO DIVISION

In re

9 PG&E CORPORATION,

10 - and -

11 PACIFIC GAS AND ELECTRIC
COMPANY,

12 Debtors.

- 13 ☐ Affects PG&E Corporation
14 ☐ Affects Pacific Gas and Electric Company
☒ Affects both Debtors

15 * All papers shall be filed in the Lead Case,
No. 19-30088 (DM)

Bankruptcy Case
No. 19-30088 (DM)
(Lead Case)
(Jointly Administered)

Chapter 11

**NOTICE OF HEARING ON FINAL
APPLICATIONS ALLOWING AND
AUTHORIZING PAYMENT OF FEES
AND EXPENSES OF MULTIPLE FEE
APPLICANTS BASED UPON
COMPROMISES WITH THE FEE
EXAMINER (1ST SET)**

Hearing:

Date: November 17, 2020
Time: 10:00 a.m. (Pacific Time)
Place: (Telephonic/Video Appearances
Only)
United States Bankruptcy Court
Courtroom 17,
450 Golden Gate Ave., 16th Floor
San Francisco, CA

Judge: Hon. Dennis Montali

Objection Deadline: November 10, 2020

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NOTICE OF HEARING ALLOWING AND
AUTHORIZING PAYMENT OF FINAL FEE
APPLICATIONS (1ST SET)

1 **PLEASE TAKE NOTICE** that this Notice seeks Court consideration and approval of
2 previously filed Final Fee Applications based upon compromises between the Fee Examiner and
3 various professionals.

4 The subject Final Fee Applications are as follows:

5 A. Centerview Partners (Doc. No. 8887, filed August 28, 2020)

6 B. Cravath Swaine & Moore LLP (Doc. No. 8951, filed August 31, 2020)

7 C. DSI (Doc. No. 8889, filed August 28, 2020)

8 D. Jenner & Block (Doc. No. 8949, filed August 31, 2020)

9 **PLEASE TAKE FURTHER NOTICE** that the particulars of each compromise are set
10 forth in Exhibit A (Centerview), Exhibit B (Cravath), Exhibit C (DSI) and Exhibit D (Jenner &
11 Block). These exhibits are incorporated herein by reference.

12 **PLEASE TAKE FURTHER NOTICE** that attached hereto and incorporated herein by
13 this reference as Exhibit E is the Declaration of the Fee Examiner, Bruce A. Markell (the
14 **“Markell Declaration”**). The Markell Declaration describes in detail the basis for the Fee
15 Examiner’s compromise with Cravath, Swaine and Moore LLP.

16 **PLEASE TAKE FURTHER NOTICE** that on October 5, 2020, the Court entered its
17 Order Setting Deadline for Filing Final Fee Applications and Setting Procedures for Hearings
18 (**“Final Fee Hearings Order”**) [Doc. No. 9202]. Under the Final Fee Hearings Order, the Fee
19 Examiner is authorized to set Final Fee Application hearings on “PG&E open calendar dates,” and
20 to provide 21 days notice. By this Notice, the Fee Examiner sets these four Final Fee Applications
21 on November 17, 2020, which is a PG&E open calendar date. The Fee Examiner will use his best
efforts to reach as many compromises as possible to be heard on December 15, 2020, which is the

1 last “open calendar date” of 2020. Any Final Fee Applications outstanding at that time will be
2 heard in 2021.

3 **PLEASE TAKE FURTHER NOTICE** that on February 28, 2019, the Court entered its
4 Order Authorizing Debtors to Establish Procedures for Interim Compensation and
5 Reimbursement of Expenses of Professionals (“**Interim Compensation Order**”) [Doc. No. 701].
6 Under the Interim Compensation Order, estate professionals are paid 80% of fees and 100% of
7 expenses on a monthly basis (a so-called Knudsen Order). The Interim Compensation Order
8 contemplates filing interim applications (to recover the 20% “holdback” on fees). All payments of
9 interim compensation are subject to the requirement that final fee applications be filed. Although
interim fee applications are contemplated, they were not mandated.

10 **PLEASE TAKE FURTHER NOTICE** that on May 29, 2019, the Court entered its Order
11 Appointing Fee Examiner and Establishing Procedures for Consideration of Fee Compensation
12 and Reimbursement of Expenses (“**Order Appointing Fee Examiner**”) [Doc. No. 2267]. The
13 Order Appointing Fee Examiner establishes a procedure for review and resolution of interim fee
14 applications.

15 **PLEASE TAKE FURTHER NOTICE** that on December 18, 2019, the Court entered its
16 Amended Order Granting Fee Examiner Motion to Approve Fee Procedures (“**Amended Fee**
17 **Procedures Order**”) [Doc. No. 5168]. The Amended Fee Procedures Order approves the Fee
18 Examiner’s Protocol and adopts the Fee Examiner’s recommendations as to the coordination and
19 scheduling of hearings. On January 20, 2020, this Court entered its Second Amended Order
20 Granting Fee Examiner’s Motion to Approve Fee Procedures (the “**Second Amended Order**”)
[Doc. No. 5572], which added certain disclosure and notice requirements.

1 **PLEASE TAKE FURTHER NOTICE THAT** ¶2(b) of the Second Amended Order
2 requires that any Notice regarding compensation must set forth the following:

3 (1) Each applicant and the party represented by the applicant,

4 (2) the date range for the services for which the compensation is being sought, and

5 (3) the amount of fees applied for and the amount of expenses requested.

6 This detail is set forth as to each Interim Fee Applicant in the Exhibits attached hereto and
7 incorporated by this reference.

8 **PLEASE TAKE FURTHER NOTICE THAT** on August 29, 2020, the Fee Examiner
9 Filed his *Fee Examiner's Second Report on Status of Fee and Expenses Submitted, Approved and*
10 *Pending* ("**Fee Examiner's Second Status Report**") [Doc. No. 8903]. The Fee Examiner's
11 Second Status Report sets forth the overall status of fee applications as of August 28, 2020 and
12 also sets forth the Fee Examiner's objectives and timetable to resolve all Final Fee Applications.

13 **PLEASE TAKE FURTHER NOTICE** that the Bankruptcy Court will hear and consider
14 the Fee Application Compromises on November 17, 2020 at 10:00 a.m. (Pacific Time) (the
15 "**Hearing on Fee Application Compromises**") via video conferencing or telephone. All
16 interested parties should consult the Bankruptcy Court's website at www.canb.uscourts.gov for
17 information about court operations during the COVID-19 pandemic. The Bankruptcy Court's
18 website provides information regarding how to arrange a telephonic or video appearance. If you
19 have any questions regarding how to appear at a court hearing, you may contact the Bankruptcy
20 Court by calling 888-821-7606 or by using the Live Chat feature on the Bankruptcy Court's
21 website.

1 **PLEASE TAKE FURTHER NOTICE** that the Compromise Fee Applicants, subject to
2 Court Approval, have each agreed to the stipulated reduction indicated on **Exhibits A B, C and D**,
3 and that the Fee Examiner will submit orders reflecting the stipulated reductions, or the Fee
4 Examiner will approve the form of orders submitted by the Fee Applicants.

5 **PLEASE TAKE FURTHER NOTICE THAT** the Fee Examiner has previously provided
6 the Office of the United States Trustee with the amount of each such compromise, and that the
7 Office of the United States Trustee has not objected to any compromise. If the United States
8 Trustee objects to a compromise, the Fee Examiner will withdraw that compromise from this
9 Amended Notice.

10 **PLEASE TAKE FURTHER NOTICE THAT** following the entry of appropriate orders
11 with respect to each of the Compromise Fee Applicants, Debtors will be authorized to pay the
12 “Net Amount Outstanding” as set forth in the **Exhibits**, subject to confirmation by the Fee
13 Examiner, that Compromise Fee Applicants have credited against the “Net Amount Outstanding”
14 any amounts received between the time of filing this Notice and the date of Court approval.

15 **PLEASE TAKE FURTHER NOTICE THAT** copies of the Final Fee Applications can
16 be viewed and/or obtained: (i) by accessing the Court’s website at <http://www.canb.uscourts.gov>,
17 (ii) by contacting the Office of the Clerk of the Court at 450 Golden Gate Avenue, San Francisco,
18 CA 94102, or (iii) from the Debtors’ notice and claims agent, Prime Clerk LLC, at
19 <http://restructuring.primeclerk.com/pge> or by calling (844) 339-4217 (toll free) for U.S.-based
20 parties; or +1 (929) 333-8977 for international parties or by e-mail at: pginfo@primeclerk.com.
21 Note that a PACER password is needed to access documents on the Bankruptcy Court’s website.

1 DATED: October 27, 2020

SCOTT H. McNUTT

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By: */Scott H. McNutt/*

Scott H. McNutt

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Counsel to the Fee Examiner

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EXHIBIT A

EXHIBIT A

To

Notice of Hearing on Final Fee Applications

(Noticed for Hearing November 17, 2020)

Please Note: This Court approved Centerview's employment on a fixed-fee basis, as opposed to an hourly basis. For this reason, the Fee Examiner's ability to negotiate was limited to reviewing expenses. In summary, the Fee Examiner obtained reductions of \$81,236.01 on total expenses of \$195,778.54.

Name of Final Fee Applicant: Centerview Partners LLC

Party Represented and Role: Investment Banker for the Official Committee of Unsecured Creditors

Date Range for Which Compensation is Sought: February 15, 2019 to June 30, 2020

Total Fees Requested	\$15,625,000.00
Total Expenses Requested	195,778.54
Total	<hr/> \$15,820,778.54
(Less): Total Fees Paid ⁽¹⁾	(\$3,200,000.00)
(Less): Total Expenses Paid ⁽¹⁾	(195,778.54)
(Less): Fee Examiner Reduction	(66,236.01)
Total Outstanding (Post 1st Fee Examiner Reduction)	<hr/> \$12,358,763.99
Less: Additional Reduction ⁽²⁾	(\$15,000.00)
Total Outstanding (Post 2nd Fee Examiner Reduction)	<hr/> \$12,343,763.99
(Less): 80% of June Monthly ⁽³⁾	(\$200,000.00)
Total Fees & Expenses Outstanding as of 10/27	<hr/> \$12,143,763.99

(1) Represents amount paid prior to Final Fee Application submission, as the result of four previously approved interim applications as follows: First Interim (Doc. No.

4750); Second Interim (Doc. No. 4750); Third Interim (Doc. No. 6279) and Fourth Interim (Doc. No. 8412).

(2) Agreed to with the Fee Examiner on October 22, 2020.

(3) Received on October 19, 2020, after the Final Fee Application submission.

EXHIBIT B

EXHIBIT B

To

Notice of Hearing on Final Fee Applications

(Noticed for Hearing November 17, 2020)

Please Note: Discussions with Cravath have been extensive and are described in the Markell Declaration. What is set forth below is a summary of this Declaration.

Name of Final Fee Applicant: ¹	Cravath, Swaine & Moore LLP
Party Represented and Role:	Debtor's Principle Co-Counsel
Date Range for Which Compensation is Sought:	January 29, 2019 to June 30, 2020
Total Fees Requested:	\$ 126,699,247.00
Total Expenses Requested:	<u>\$ 27,503,094.16</u>
Total:	\$ 154,199,341.16
(Less) Agreed Reduction with Fee Examiner: ²	(\$10,963,204.00)
Total Amount Requested to Be Awarded per Final Fee Application:	\$ 143,236,137.16
(Less) Total Amount previously Paid to Applicant:	(\$ 131,347,643.36)
Total Amount Outstanding:	\$ 11,888,463.80

¹ Cravath filed four interim fee applications. Only the first resulted in Court approval. For this reason, the second, third and fourth interim applications are being ignored as these are superceded by the Final Fee Application.

² Of this sum, \$1.3MM was approved in Cravath's First Interim Fee Application

EXHIBIT C

EXHIBIT C

To

Notice of Hearing on Final Fee Applications

(Noticed for Hearing November 17, 2020)

Name of Final Fee Applicant:	Development Specialists, Inc. ("DSI")
Party Represented and Role:	Financial Advisor to Official Committee of Tort Claimants
Date Range for Which Compensation is Sought:	March 20, 2019 to October 31, 2019
Total Fees Requested:	\$ 1,830,291.72
Total Expenses Requested:	<u>\$ 49,455.22</u>
Total:	\$ 1,830,291.72
Amount Previously Approved by Court Orders:	\$ 1,830,291.72
(Less) Amount Previously Paid:	(\$ 1,830,291.72)
Amount Outstanding:	\$ -0-

This Final Fee Application seeks only to ratify and to confirm this Court's previous orders on DSI's First and Second Interim Applications. DSI has not billed time or expenses after the time periods covered by these interim applications. By order entered February 6, 2020, this Court entered an amended order on DSI's First Interim Fee Application (Doc. No. 5680). This order approved fees in the amount of \$1,035,499.00 and \$33,407.89 in expenses. These sums were net of a \$55,000.00 reduction, as agreed by the Fee Examiner and DSI. By order dated August 5, 2020, the Court entered an order (Doc. No. 8674) approving \$745,337.50 in fees and \$16,047.33 in expenses. These sums were net of a \$45,000.00 reduction as agreed by the Fee Examiner and DSI.

EXHIBIT D

EXHIBIT D

To

Notice of Hearing on Final Fee Applications

(Noticed for Hearing November 17, 2020)

Please Note: Jenner & Block's First Interim Fee Application (Doc. No. 3465) resulted in a voluntary reduction of \$75,000.00 and an interim award. Jenner & Block's Second Interim Fee Application (Doc. No. 4749) and Third Interim Fee Application (Doc. No. 6333) resulted in a voluntary reduction of \$100,000.00 and an interim award. These Interim Awards are as reflected in the text, and reflect 150,000.00 already taken. In response to the Final Fee Application, Jenner & Block has agreed to a voluntary reduction of \$50,000.00, which is shown as a deduction, below. Voluntary reductions total \$225,000.00.

Please Note Further: The last item set forth below indicates a "Net Amount Outstanding" higher than indicated in the Jenner & Block Final Fee Application. Jenner & Block reports that certain payments that it assumed would be received by this date have not yet been received. The Fee Examiner will require Jenner & Block, as well as all other Final Fee Applicants, to reconcile the "Net Amount Outstanding" prior to approving any form of Order awarding final fees.

Name of Final Fee Applicant: Jenner & Block LLP

Party Represented: Debtors' Special Corporate Defense and Energy Counsel

Date Range for Which
Compensation is Sought: January 29, 2019 to July 1, 2020

Total Fees Approved by
Interim Orders to Date
(For Date Range January 29, 2019
Through January 31, 2020): \$ 8,183,828.50

Total Expenses Approved by
Interim Orders to Date
(For Date Range January 29, 2019
Through January 31, 2020): \$ 77,783.45

Amount of Fees Not Subject
To Previous Interim Orders
(For Date Range February 1, 2020
Through July 1, 2020): \$ 3,158,178.70

Amount of Expenses Not Subject To Previous Interim Orders (For Date Range February 1, 2020 Through July 1, 2020):	\$ <u>2,082.76</u>
Total Fees and Expenses Requested:	\$ 11,421,873.41
(Less) Additional Reduction per Compromise with Fee Examiner:	(\$ 50,000.00)
(Less) Total Allowed Fees Paid To Date:	(\$ 10,253,086.74)
(Less) Total Allowed Expenses Paid to Date:	(\$ 79,506.08)
Total Amount Outstanding:	\$ 1,039,280.59

EXHIBIT E

EXHIBIT E

To

Notice of Hearing on Final Fee Applications

(Noticed for Hearing November 17, 2020)

Declaration of Bruce A. Markell, Fee Examiner

I, Bruce A. Markell, declare as follows:

1. I am the court-appointed Fee Examiner in the chapter 11 cases of PG&E Corporation and the Pacific Gas & Electric Company (the “**Cases**”).
2. Since the beginning of September, 2020, I have had discussions with Cravath, Swaine & Moore, LLP (“**Cravath**”) regarding its *“Fifth Interim and Final Fee Application Of Cravath, Swaine & Moore LLP for Allowance and Payment of Compensation and Reimbursement of Expenses For (I) The Fifth Interim Period June 1, 2020 Through and Including July 1, 2020 And (II) The Final Fee Period January 29, 2019 Through and Including July 1, 2020”* [Docket No. 8951] (the “**Final Fee Application**”). Those discussions produced a compromise, reflected in the papers with which this declaration is submitted.
3. Cravath’s attorneys billed approximately \$126,696,247 for work done in the Cases. As set forth in its Final Fee Application, this amount reflects (i) reductions that Cravath voluntarily made before billing which would have increased the \$126,696,247 amount by \$2,636,140; and (ii) a discount of \$1,602,444 resulting from the voluntary continuation by Cravath of its 2019 hourly rates to professional services performed during the Cases in 2020 in light of the high volume of professional services provided by Cravath to the debtors during 2019. Final Fee Application, at pages 22 & 33.
4. In its Final Fee Application, after discussions with the company, Cravath reduced that \$126,696,247 amount by \$9,963,204, and requested approval of \$116,733,043 in fees. Final Fee Application, at page 4.

5. That \$9,963,204 reduction consists of:
 - a. a prior compromise with the Fee Examiner of \$1,300,000;
 - b. reductions of \$1,479,567 related to adjustments for travel time stemming from this Court's October 7, 2019 hearing;
 - c. \$1,360,000 in previously agreed adjustments with the debtors;
 - d. an adjustment of approximately \$823,637 related to rates charged by beginning lawyers not yet admitted the practice of law (see paragraph 11 below); and
 - e. a further agreed adjustment with the debtors of \$5,000,000.

Final Fee Application, at page 22.

6. In discussions with Cravath after they filed their Fee Application, we agreed to a further reduction in the amounts listed in the prior paragraph of \$1,000,000.
7. These discussions also included review of Cravath's expense reimbursement claim of \$27,503,094, of which \$25,198,823 (or approximately 92%) related primarily to pass-through expenses for subject matter experts retained in anticipation of litigation that ultimately settled prior to trial. Final Fee Application, at page 5.
8. The compromise thus reduces Cravath's initial billings for fees and expenses of \$154,199,342 to a request of \$143,236,137, a reduction over the length of the Cases of \$10,963,204.
9. Based upon my review and analysis of Cravath's fee statements and applications, I believe that the final amount of \$143,236,137 is fair and reasonable with regard to actual, necessary services and expenses over the course of the case in accordance with 11 U.S.C. § 330(a)(1)(A) & (B). Cravath's blended hourly rate of \$744 per hour is well below the rates charged by at least 5 other professionals in the Cases. In addition, although Cravath increased its billing rates in 2020, it did not pass those increased rates through to the estates in the Cases, which, based on backup documentation provided to me by Cravath, is a benefit worth approximately \$1,600,000.
10. Based upon my review and analysis of Cravath's fee statements and applications, I believe that the aggregate compromises with Cravath in the Cases have been, and are, fair and equitable, and take into account the probability of success of any fee objection; the lack of difficulties to be encountered in the matter of collection; the complexity of the level of fees involved, and the expense, inconvenience and delay necessarily attending them; the paramount interest of the creditors; and, given a lack of objection

at any time by any party other than the Fee Examiner, a proper deference to creditors' reasonable views.

11. Although the negotiations with Cravath were confidential and subject to Rule 408 of the Federal Rules of Evidence, with their permission I can state that a factor in the reductions was Cravath's standard practice of billing first-year lawyers who were not admitted to the bar at the same rate as first-year lawyers who were admitted.

I declare under penalty of perjury that the foregoing is true and correct. Executed on October 27, 2020.

/Bruce A. Markell/

Bruce A. Markell